



Joseph M. Ferguson
Inspector General

OFFICE OF INSPECTOR GENERAL *City of Chicago*

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Opening Statement of the Inspector General 2012 Budget Hearings October 18, 2012

Madam Chair, and members of the City Council:

Thank you for the opportunity to be here today before the Committee on the Budget & Government Operations. I look forward to answering your questions about IGO operations over the past year and our 2013 budget request. Thank you all for your time.

In advance of your questions, I would like to offer the following statement.

This office's budget request for 2013 is \$5.769 million. This funding will provide Chicago residents and elected officials continuation and improvement in our efforts to identify, eliminate and guard against waste, fraud, abuse, and inefficiency in City government.

It is important to note that we continue to do that while the office's budget relative to overall City spending continues to shrink. However, prudent and innovative allocation and deployment of all of those resources will still ensure that our work brings oversight and value to all City operations.

This budget request also supports my goal of ensuring that IGO employees reflect Chicago's inherent diversity. The drop in appropriated positions during my tenure was accompanied by a lengthy freeze on my ability to hire into those positions under the previous administration. As a result, earlier this year, actual staffing dropped to low of 48, a level not seen in many years. Since the spring of 2012, we have been working to re-staff the office. In doing so, I have worked with, and will continue to work with, minority leaders in government, business, and academia to help boost qualified minority applicants for IGO vacancies. I have also reached out to affinity groups at the local and national level to build on our earlier, and improving, efforts.

2012 Accomplishments

To fulfill our mission of deterring and detecting waste, fraud, abuse, and inefficiency, the IGO conducts timely, professional, and relevant investigations, audits, public reports, and hiring monitoring.

In the past year, the IGO has completed:

- 7 audits and audit follow-ups, involving 12 departments;

- More than 200 investigations of misconduct (170 year to date in 2012);
- 84 reviews of Hiring Complaints and Alleged Abuses;
- 15 Public Reports providing transparency and efficiency recommendations for more than a dozen City programs.

Some of the highlights of this year's audits and public reports include:

- The identification of 31 separate Savings & Revenue Options worth an estimated total of more than \$1.176 billion;
- An audit of the Chicago Police Department's Evidence & Recovered Property Section found poor internal controls to ensure that evidence and recovered property were adequately protected, properly documented, and readily available when required;
- An audit of the Department of Water Management's (DWM) inventory process found inadequate internal controls to ensure that \$18 million worth of parts were properly accounted for and safeguarded in DWM's inventory tracking systems and resulted in inaccuracies in the City's annual financial statements;
- A report finding that the Department of Procurement Services wasted at least \$467,000 by failing to adhere to its own internal emergency procurement policies;

Continued Focus on Improving Work Product Diversity and Positioning the IGO for the Future

This budget request also reflects a continuing reallocation of resources to fulfill one of my stated objectives at the outset of my tenure of building a robust audit function. I will do all of this with the same headcount from last year's budget. Most IGs, especially those at the federal level, have a much larger audit section than investigative section. This budget includes transferring personnel resources to our audit function so that our office can continue to provide meaningful findings and recommendations to assist department heads in their goal of better service delivery at lower cost to the taxpayer.

However, I do not intend to allow our investigative abilities to lapse. The IGO has always been an investigative agency at its core, and I will work to strengthen the skills that make us valuable partners to our local and regional law enforcement. Additionally, we have also finished the onboarding of our new Data Analysis and Targeted Auditing unit. Referred to as DATA, this new team brings forensic auditing and database analytics skills to our investigative function. We use their skillsets to strengthen our ability to uncover waste and theft in City contracts, vendor agreements, and finances.

In the past year, the application of all of these skills has led to \$1,889,160.46 in IGO recommended or court-directed cost recovery to the City. Overall restitution paid to the City from criminal cases and settlement agreements stemming from IGO investigations totals more than \$12 million dollars in 2012.

Practicing What We Preach, and Acting as Strong Stewards of Taxpayer Dollars

I am proud to note that have done all this with a smaller percentage of the City's overall budget than at any other time since I have been in this job. Truly, we are doing more with less.

In the proposed 2013 budget, the IGO is only 0.069% of overall City spending, down from 0.072% in 2012. During my tenure, office staffing has gone from a high water mark of 72 appropriated positions plus 6 CPD officers on detail. The 2013 request provides for 67 appropriated positions, which will be supported with only one continuing detail position.

Though we remain an infinitesimal part of the City's spending, we still look inward for cuts first. I believe we are acting as good stewards of taxpayer dollars by cutting our own administrative overhead whenever we can, as evidenced by this year's 6% cut in non-personnel spending. In fact, this office's 2013 request marks the 4th consecutive year we have cut non-personnel spending.

Again, thank you for your time and I look forward to answering your questions. I thank you for your support, and believe that this office can continue to provide a meaningful return on investment for Chicagoans everywhere.

INSPECTOR GENERAL'S OFFICE

ORGANIZATIONAL CHART

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EXECUTIVE

INSPECTOR GENERAL

Admin. Assistant

LEGAL and HIRING OVERSIGHT

Chief of Hiring Oversight

Asst. Compliance Officer

Asst. Compliance Officer

Asst. Compliance Officer

Deputy Inspector General

Asst. Inspector General

Asst. Inspector General

Staff Attorney

Asst. Inspector General

Asst. Inspector General *Vacant*

Staff Assistant

INVESTIGATIVE

Director of Investigations

Asst. Director of Investigations

Asst. to Director

Deputy Inspector General

Chief Auditor *Vacant*

Senior Auditor

Senior Auditor

Senior Auditor

Auditor *Vacant*

AUDIT & PROGRAM REVIEW

Director of Program & Policy Review

Policy Analyst

Policy Analyst

Policy Analyst

Auditor *Vacant*

Auditor *Vacant*

ADMINISTRATIVE

Chief Administrative Officer

Supervisor of Personnel Services

Fiscal Administrator

Investigative Assistant *Vacant*

Administrative Assistant II *Vacant*

Admin. Asst. III

Principal Programmer Analyst

D.A.T.A.

Team IV

Chief Investigator

Investigator III

Investigator III

Investigator III

Investigator II

Investigator (Detail) *Vacant*

Investigator II

Investigator I

Team III

Chief Investigator

Investigator III

Investigator III

Investigator III

Investigator II

Investigator II

Investigator I

Team I

Investigator III

Investigator III

Investigator II

Investigator III

Investigator III

Investigator II

IGO
Organizational
Chart

Office of Inspector General 2013 Budget Hearing

Staffing Data

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian	2	2	3	5%
Black	5	6	12	21%
Hispanic	4	4	8	14%
White	24	11	35	60%
Total	35	23	58	
	60%	40%		

2012 IG New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian		1	1	7%
Black	2	2	4	29%
Hispanic		1	1	7%
White	6	2	8	57%
Total	8	6	14	
	57%	43%		

Department Executive Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian				
Black		2	2	33%
Hispanic				
White	3	1	4	67%
Total	3	3	6	
	50%	50%		

2010 IG New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian				
Black	2	2	4	40%
Hispanic	1	1	2	20%
White	3	1	4	40%
Total	6	4	10	
	60%	40%		

Department Supervisors Ethnicity and Gender				
	Male	Female	Total	%
Asian				
Black		1	1	25%
Hispanic				%
White	3		3	75%
Total	3	1	4	
	75%	25%		

Total IG Hires 2010 thru 2012				
	Male	Female	Total	%
Asian		1	1	4%
Black	4	4	8	33%
Hispanic	1	2	3	13%
White	9	3	12	50%
Total	14	10	24	
	58%	42%		

Vacant: Chief Auditor

Interns

School	Gender	Race
NONE		

Office of Inspector General 2013 Budget Hearing

MBE/WBE Data

Period: 2012

Total Purchases: \$309,400

	MBE	WBE	Total MBE/WBE Purchases
LS LeGrand Reporting & Video Services		100%	\$10,300
Enterprise Rent-A-Car	12%	5%	\$83,900
Xerox Corp	12%	5%	\$25,400
Sprint Cellular Phones	20%	5%	\$43,900
AT&T	20%	5%	\$107,900
Staples Corporation	12%	5%	\$38,000
TOTAL			\$309,400
Asian	\$xx (xx%)	\$xx (xx%)	
African-American	\$299,100 (97%)	\$xx (xx%)	
Hispanic	\$xx (xx%)	\$xx (xx%)	
Women	\$xx (xx%)	\$10,300 (3%)	
Total Spending	\$299,100 (97%)	\$10,300 (3%)	\$309,400